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# TOO GOOD TO BE TRUE....

## A Column on Consumer Issues by Attorney General Wayne Stenehjem's Consumer Protection and Antitrust Division

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### SPAM SCAMS – PART 2

Last week we reviewed six of the top twelve “spam scams.” This week we will address the remaining six:

7. **Free goods.** Some e-mail messages offer valuable goods - for example, computers, other electronic items, and long-distance phone cards - for free. You are asked to pay a fee to join a club, and then told that to earn the offered goods you have to bring in a certain number of participants.
  - The scam: These messages are covering up pyramid schemes, operations that inevitably collapse. Almost all the payoff goes to the promoters and little or none to the consumers who pay to participate.
8. **Investment opportunities.** Investment schemes promise outrageously high rates of return with no risk. One version seeks investors to help form an offshore bank. Others are vague about the nature of the investment, stressing the rates of return. Most are Ponzi schemes, in which early investors are paid off with money contributed by later investors. This makes the early investors believe that the system actually works, and encourages them to invest even more.
  - The scam: Ponzi schemes eventually collapse because there is not enough money coming in to continue simulating earnings. The schemes are a good investment for the promoters, but not for participants.
9. **Cable descrambler kits.** For a small sum of money, you can buy a kit to assemble a cable descrambler that supposedly allows you to receive cable television transmissions without paying any subscription fee.
  - The scam: Most of the cable TV systems in the U.S. use technology that these devices cannot crack. Even if it worked, stealing service from a cable television company is illegal.
10. **Guaranteed loans or credit, on easy terms.** Some e-mail messages offer home-equity loans that do not require equity in your home, as well as solicitations for guaranteed, unsecured credit cards, regardless of your credit history. Sometimes they are combined with pyramid schemes, which offer you an opportunity to make money by attracting new participants to the scheme.

- The scams: The home equity loans turn out to be useless lists of lenders who will turn you down if you do not meet their qualifications. The promised credit cards never come through, and the pyramid money-making schemes always collapse.
11. **Credit repair.** Credit repair scams offer to erase accurate negative information from your credit file so you can qualify for a credit card, auto loan, home mortgage, or a job.
- The scam: The scam artists who promote these services cannot deliver. Only time, a deliberate effort, and a personal debt repayment plan will improve your credit. The companies that advertise credit repair services appeal to consumers with poor credit histories. Not only cannot they provide you with a clean credit record, but they also may be encouraging you to violate federal law. If you follow their advice by lying on a loan or credit application, misrepresenting your social security number, or getting an employer identification number from the Internal Revenue Service under false pretenses, you will be committing fraud.
12. **Vacation prize promotions.** Electronic certificates congratulating you on "winning" a fabulous vacation for a very attractive price are among the scams arriving in your e-mail. Some say you have been "specially selected" for this opportunity.
- The scam: Often, the cruise ship you are booked on may look more like a tug boat. The hotel accommodations likely are shabby, and you may be required to pay more for an upgrade. Scheduling the vacation at the time you want it also may require an additional fee.

This list covers only the twelve most frequent spam scams – but there are hundreds more. Do not fall for a “spam scam.” Before responding to an e-mail that seems Too Good To Be True, remember that unsolicited commercial e-mail goes to thousands or millions of recipients at a time. You have not been singled out to get this incredible deal, nor will it turn out to be the answer to your problems.

Next week we will continue our focus on “Information Security: Putting the Pieces Together” by providing tips to help protect your e-mail address and reduce junk e-mail.

*The Attorney General’s Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at [www.ag.state.nd.us](http://www.ag.state.nd.us).*

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